

Public Report Sustainable Forest Management System

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PUBLIC AUDIT REPORT - SFM
TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: CV TUAH NEGERI

TOTAL HECTARES: 1,480 ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering 1,480 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: October 20, 2016

In signing this document the Audit team confirms that they have had no involvement with the company under audit in terms of consultancy, training, direct employment etc. within the last 2 years and have no other involvement (financial, shareholding or commercial) that would constitute a Conflict of Interest

AUDIT END DATE: October 22, 2016

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Utomo

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
CV Tuah Negeri	Pelalawan District, Pelalawan Regency, Riau Province, Indonesia.	October 20-22, 2016
SITE NAME (Legal Name):	ADDRESSES OF ADDITIONAL SITES NOT VISITED BUT STILL COVERED BY THE REGISTRATION INCLUDING COUNTRY- TO BE COMPLETED IF CLIENT IS UNDER A SITE SAMPLING AUDIT PLAN	
	N/A	

Document: Report Format Public – IFCC

Issue: D

Date: 15 September 2016



Brief Description of the concession

CV. Tuah Negeri is a company engaged in the operations of Industrial Plantation Forest obtaining SK IUPHHK under:

1. Decision Pelalawan District Number: 522.2/ IUPHHKHT/I/2603/006 on Granting Permit for Utilization of Wood Forest Plants to CV. Tuah Negeri of ± 1,500 ha in Pelalawan, established on January 25, 2003.
2. Ministerial Decree No. SK.215 / MENHUT-II / 2007 on the Renewal of License for Utilization of Wood Industrial Tree Plantation in Plantation Forest CV. Tuah Negeri Areas of 1,480 (one thousand four hundred and eighty) hectares in Riau Province, on May 28, 2007.

The management plan used for CV Tuah Negeri RKUPHHK-HTI is for a period of 10 years from 2009 to 2018 and was approved by Decree of the Minister of Forestry Number: SK.56 / VI-BPHT / 2009 dated 18.02.2009. The spatial layout of the plantation according to RKUPHHK-HTI CV. Tuah Negeri is as follows: protected areas of 140 ha (9.46%), infrastructure area of 20 ha (1.35%), livelihood plants area of 10 ha (0.68%), featured plants area of 60 ha (4.05%), and staple plant area of 1,250 ha (84.46%).

There has been no conversion of primary or secondary forest since the month of December 2010, so that the area for the scope of assessment is 1,480 ha.

The geographical location of the work area of the Management Unit of CV Tuah Negeri lies between 00° 29' 00" to 00° 34' 00" South and 101° 57' 00" to 102° 01' 00" East. Based on government administration it is located in the district of Pelalawan, Pelalawan Regency, Riau Province and is located in the Kutub River forest group. Topography is categorized as flat (0-8%) and the plantation is situated at a height of 3-5 meters above sea level.

The CV Tuah Negeri plantation is a peatland area, and according to Land Unit and Soil Map Sheet Pekanbaru (0816) Sumatra Scale 1: 250,000 1988 (Puslitanah) has both organosol and alluvial soil types. The geological formation is alluvium based on the geological map sheet Pekanbaru Scale 1: 250,000 (R & D Center Bandung Geology, 1982). The climate is classified as Type A with rainfall of 216 mm / month on average, with a high of 409 mm in May and a low of 112 mm in June. the area is traversed by both the Tasik River and Kompas River.

Description of the socio-economic conditions of the concession and the concession's social programs

The CV Tuah Negeri plantation is located some distance from areas of habitation, the nearest village being Delik which is about 10 km away. Under these conditions there is minimal interaction between local communities and the Management Unit, other than that in regard to access to non-timber forest products (NTFPs) within the concession area.

Nevertheless, the Management Unit of CV Tuah Negeri has entered into agreements with local communities in regard to the anticipation of outbreaks of fire under the community fire care program (MPA). CV Tuah Negeri has also designated an area of 10 ha for livelihood plants as planned in RKU, although lack of clarity regarding the administrative boundaries of the villages has meant it has not yet ascertained who are actually entitled to the allocation of the plant life.

Realization of the CD program through September 2016 has included the provision of a computer to SDN 06 Sering Village, sacrificial animals to Delik and Sering villages, and rural infrastructure in the form of a village office in Sering Village.

The Management Unit of CV Tuah Negeri has SOP in respect to its conflict resolution mechanism. The SOP recognizes the peoples' rights to land and as such has identified an area claimed by the local community in March 2016. Based on the



results obtained from identification of land claimed by Dayun villagers in the Dayun District Siak Regency, it is in the form of a palm oil plantation. Negotiations are still being conducted between with claimant and a land settlement plan is being drawn up on the basis of an agreement between the community and the Company

Description of the ecological conditions of the concession

CV Tuah Negeri monitors both environmental and social of the plantation area. Details of monitoring can be seen in the Annual Work Plan (RKT), Environmental Management Plan and Environmental Monitoring Plan (RKL-RPL) with the components monitored being:

A. Physical-Chemical

- a. Management and Monitoring of Land
- b. Management and Monitoring of Water
- c. Management and Monitoring of Air

B. Biological Components

- a. Record growth rate in relation to the target and the control of pests and diseases,
- b. Part of the conservation efforts to preserve and protect the biological diversity (biodiversity) of flora and fauna.

C. Socio-Cultural Component

- a. Community empowerment program.
- b. Management of socio-economic and cultural components as a form of socialization of the operational plans of the Company, as well as participation in the Company's community economic development activities.

CV Tuah Negeri carries out conservation management by monitoring diversity of vegetation in the high concentration value protection areas (KPPN), KPSL and plant seed areas. These conservation areas are also very important as water catchment areas, protection of germplasm and as a wildlife enclave. Installation of sign boards identifying the area and banning certain activities has proven effective in helping to maintain the protected areas. CV Tuah Negeri has identified actions that threaten the health and vitality of forest resources, such as forest fires, illegal logging, grazing of animals, forest encroachment, hunting, forest pests, diseases and weeds, and counters these through the following activities:

- Regular patrols throughout the plantation.
- Maintaining signs that prohibit setting fires in the forest, illegal logging, and poaching of wildlife protected by law.
- Regularly disseminate the relevant ban on setting fires to clear land.
- Establishment of community fire care groups (MPA).
- Perform relevant socialization and monitor protected species and the presence of protected areas.

Results of the Public Consultation

Prior to conducting the Stage 1 Audit, PT AJA Sertifikasi Indonesia carried out public consultation, commencing October 7, 2016, in which stakeholders were invited to provide feedback on CV. Tuah Negeri. The public consultation was uploaded to the website of AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper. Input received during the public consultation was given consideration by the audit team during the audit of CV Tuah Negeri.

The audit team also gathered information from the mass media about CV. Tuah Negeri, which was also given material consideration in the audit process.

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CV Tuah Negeri has identified all the necessary requirements for this certification process, including legal aspects and compliance with regulations or international conventions. The management system has been built to cover all activities in the field of certification, which is registered for a certification area of 1,480 ha.

Findings on the certified client conformity with the certification requirements and description of critical issues in relation with the conformity.

Based on the results of the Surveillance I Audit of CV Tuah Negeri, two categories of minor non-conformity were identified. No critical issues were identified.

NO	Non-conformities	Corrective Action performed	Category
1.	The Management Unit was unable to show the plan for settlement of the land claimed by the Dayun villagers as required in the SOP of Conflict Resolution Protocol. Clause Ref I.9.5	The Management Unit has drawn up a work plan for settlement of land claims: 1. Area Claims Settlement Plan. 2. Reporting encroachment into the Forest Service	Minor
2.	The Bipartite Cooperation Institute had not been formed in accordance with the legislative requirements. Clause Ref I.11.4	CV Tuah Negeri employs only 16 people, but it still should establish a Bipartite Cooperation Institute. To date, problems between employees and the Company have been resolved through trade unions. This will be accommodated in the labor contract.	Minor

Conditions under which the certificate is issued

The certificate is valid until 06/01/2019 provided that CV Tuah Negeri completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problem at the time the next surveillance audit is carried out. If non-conformities are not closed at the time the next Surveillance 2 Audit is carried out, the certificate will be suspended until such time as PT AJA Sertifikasi Indonesia is able to perform a closeout visit.